

5

JOINT ESTIMATION OF BIDDERS' RISK ATTITUDES
AND PRIVATE INFORMATION

ABSTRACT OF THE DISCLOSURE

10

A method and apparatus for determining private information and risk attitudes of bidders at auctions. By varying auction formats, the underlying risk attitudes and joint distribution of bidders' private information is extracted.

Bids submitted in utility-independent auctions are used to determine the bidders private information. Risk attitudes for bidders are determined using

15

utility-dependent auctions and using the determined bidders' private information. When there is insufficient auction data for determining private information and risk attitudes, additional auctions are conducted to obtain the needed auction data. The results can then be used for designing auctions and for determining bids to be made by buyers.